



U. S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, Fifth Floor
Chicago, Illinois 60604
(312) 353-5300*

**FOR IMMEDIATE RELEASE
MONDAY FEBRUARY 10, 2002**

PRESS CONTACTS:
Randall Samborn, U.S. Attorney's Office
(312) 353-5318
DOJ Public Affairs
(202) 514-2008

**BENEVOLENCE DIRECTOR PLEADS GUILTY TO RACKETEERING
CONSPIRACY AND AGREES TO COOPERATE WITH THE GOVERNMENT**

CHICAGO – The executive director of Benevolence International Foundation, Inc. (BIF), a purported charitable organization based in south suburban Chicago, pleaded guilty today to racketeering conspiracy, admitting that he fraudulently obtained charitable donations in order to provide financial assistance to persons engaged in violent activities overseas, the Justice Department announced. **Enaam M. Arnaout**, 41, of Justice, Ill., a Syrian-born naturalized U.S. citizen, admitted that for approximately a decade the Benevolence International Foundation was defrauding donors by leading them to believe that all donations were strictly being used for peaceful, humanitarian purposes while a material amount of the funds were diverted to fighters overseas. Arnaout specifically admitted providing items to fighters in Chechnya and Bosnia. Arnaout, who was scheduled to stand trial beginning today, also agreed to cooperate with the government in its continuing investigations.

Arnaout, also known as “Abu Mahmoud,” “Abu Mahmoud al Suri,” “Abu Mahmoud al Hamawi,” and “Abdel Samia,” faces a maximum sentence of imprisonment of 20 years without parole, as well as a maximum fine of \$250,000 or twice the gross loss as a result of his frauds, and

a mandatory order of restitution to the defrauded donors. U.S. District Judge Suzanne B. Conlon, scheduled sentencing status hearing for March 10 in U.S. District Court in Chicago.

In announcing the guilty plea, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, said: “We are gratified that today’s plea vindicates the Government’s claim that Arnaout and BIF were victimizing well-intentioned donors. The government’s investigation has always sought to vindicate the donors who gave money in good faith in an effort to serve peaceful, humanitarian concerns when instead violence was being funded. Many of the victim donors were law-abiding Muslims who were obligated by Islamic principles to donate to charity. By today’s turn of events, the defendant has publicly admitted that this fraud occurred and has agreed to cooperate with the government’s continuing investigations. We are confident that if the defendant follows through on his commitment to cooperate truthfully that today’s guilty plea will be a beginning, not an end, of a sustained effort to make sure that violence overseas is not funded from Chicago.”

According to the plea agreement, Arnaout admitted that Adel Batterjee and others incorporated Benevolence International Foundation, referred to in Arabic as “*Al Birr al Dawalia*,” in the United States in 1992, and then received status as a tax-exempt charitable organization from the Internal Revenue Service in March 1993. Beginning in about May 1993, Arnaout became responsible for and directed BIF’s operations in the United States, including subsequently opening various offices abroad, including in Pakistan, Bosnia-Herzegovina and Azerbaijan.

In the plea agreement, Arnaout further admitted that starting in May 1993, BIF solicited donations from the public by purporting that BIF and its related overseas offices was a charitable organization involved solely in humanitarian work for the benefit of civilian populations, including refugees and orphans, with a small amount being used for administrative expenses. Arnaout and

others agreed to conceal from donors, potential donors, and federal and state governments in the United States that a material portion of the donations received by BIF, based on BIF's misleading representations, was being used to support fighters overseas. Arnaout admitted that the support he and others agreed to provide included: boots intended for ultimate use by fighters in Chechnya; and boots, tents, uniforms and an ambulance intended for ultimate use by soldiers in Bosnia-Herzegovina. He also admitted that he used donor funds to purchase uniforms for a department of a provisional, but unrecognized government, in Chechnya despite representations otherwise to donors.

Arnaout admitted that he and others agreed to use the U.S. mail to distribute from Palos Hills, Ill., the multiple, misleading solicitations described above, and to cause the use of the mail to receive donations from misled donors. He admitted that he and others agreed to cause to be transmitted multiple monetary donations from misled donors to BIF's bank accounts by wire in interstate and foreign commerce.

This case first became a public matter on December 14, 2001, when searches were conducted of BIF offices in Palos Hills, and Newark, N.J., as well as at Arnaout's home. Also that day, pursuant to the International Emergency Economic Powers Act and an Executive Order, the Treasury Department's Office of Foreign Asset Control issued an order blocking BIF's assets and records pending further investigation into BIF's ties to terrorists. On Jan. 30, 2002, BIF filed a lawsuit, *Benevolence International Foundation, Inc. v. Ashcroft, et al.*, 02 C 763 (N.D. Ill.), and in March 2002 BIF requested a preliminary injunction seeking the return of its seized or blocked property and to void the OFAC blocking order. Attached to BIF's pleadings was a Declaration of

Enaam Arnaout, dated March 22, 2002, which was followed a short time later by a “Corrected Declaration of Enaam Arnaout,” dated April 1, 2002.

In that complaint Arnaout falsely stated under oath that:

“... BIF has never provided aid or support to people or organizations known to be engaged in violence, terrorist activities, or military operations of any nature. BIF abhors terrorism and all forms of violence against human beings.

...

I have no idea or understanding as to why the government has taken these actions [blocking of assets] against BIF.”

The case came full circle today when Arnaout admitted by his plea that, in fact, donors were defrauded.

Mr. Fitzgerald was joined in announcing the guilty plea by Thomas J. Kneir, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and James W. Martin, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division. The investigation is continuing, they said. Mr. Fitzgerald also commended the diligent efforts of the members of the FBI’s Joint Terrorist Task Force who worked with a team of IRS agent to bring this case to a successful conclusion.

The government is represented by U.S. Attorney Patrick J. Fitzgerald and Assistant U.S. Attorneys John Kocoras and Deborah Steiner.

#